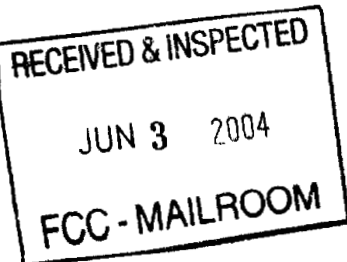


DOCKET FILE COPY ORIGINAL



mathew murphy  
25 Seven Pines Avenue  
Cambridge MA 02140-1111  
2004-05-25

Commission's Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington DC 20554

Re: MB Docket No. 04-207.

Dear Sir,

I am writing regarding the issue of *a la carte* and themed tier programming and pricing on cable and satellite systems. I would like to begin by explaining just how bad the present situation is, from my perspective as a consumer.

My wife and I watch a grand total of 8 TV channels. In order to receive those 8 channels, we pay the cable company over \$60 per month. There are additional premium channels we would *like* to receive, but we simply can't justify spending even more money on TV.

We do not watch any news channels, ever—we get news from the Internet and newspapers and magazines. We do not watch any sports channels, ever. We do not watch any religious or shopping channels, ever. We don't watch movie channels—we rent movies on DVD. We don't use Pay Per View. We have, in fact, hidden all such channels from our TV's menu. But we still have to pay for them!

Now, on to some of the specific questions asked in your request for comment.

### Section I. Historical

My understanding is that part of the reason why the expensive sports channels are a compulsory part of the basic package, is that Disney (who own ESPN) force our cable provider to carry ESPN in return for allowing it to carry ABC. The other major programmers perform similar leveraging actions—Viacom force channels like Nickelodeon on anyone who wishes to receive MTV, for example.

So it seems to me that the programmers are abusing their copyright protections by only selling channels in bundles, with the result that the cable company can only offer bundles of twenty channels or more.

My suggestion for regulatory improvements: providers of programming should be required to offer their channels individually as well as in bundles. They should be allowed to discount the bundles, but there should be a limit on the percentage by which they can discount, to prevent "dumping" by putting prohibitive prices on individual channels. For example, the discount limit could be set at 40%. If Viacom wanted to charge \$5 per channel for individual channels, that would be up to them, but they would then be required to charge  $10 \times \$5 \times 60\% = \$30$  for a bundle of ten channels.

No. of Copies rec'd \_\_\_\_\_  
List ABCDE \_\_\_\_\_

## Section II. Rates

I do not believe it would be advantageous to prohibit bundle offerings outright. There is a legitimate economy of scale involved in selling a bundle of channels as opposed to one, which lowers overheads. Programming providers should be allowed to reflect this lowering of overheads in lower prices.

Bundling can also encourage the uptake of marginal or special interest channels, by including them in an otherwise desirable discounted bundle. This is good for everyone concerned.

I do not believe that *a la carte* programming would be a legitimate reason for increasing rates. I have heard it argued that cable companies would have to charge more to cover the cost of allowing consumers to buy channels *a la carte*. Well, our cable company *already* charge us a fee every time we change our channel lineup.

It is entirely possible that *a la carte* service would be more expensive than bundles for most consumers. However, for those who watch only a few channels, the savings could be enormous.

## Section IV. Diversity of programming

As I have mentioned, there are a number of premium channels I would like to subscribe to—but my available funds for TV subscription have been drained by compulsory subscription to dozens of mainstream sports and news channels. Specifically, I would like to subscribe to Showtime and several HBO channels, but I'm not going to do so until I can ditch the sports and news. One of the channels I would purchase *a la carte* is BBC America. We would also like to be able to purchase German language TV channels *a la carte*.

So my perception is that bundling has been detrimental to diversity of programming. It funnels money towards mainstream channels that can force their way into the bundles, and independent and niche channels are forced to fight for the few customers who are prepared to pay even more than the price of the huge channel bundles.

So there we have it. I sincerely hope you will do something to end de facto compulsory channel packages, so that I can spend my money on a dozen channels I want, rather than fifty channels I literally never watch.

Yours sincerely,



Cc:  
Ben Golant  
Suite 4A-803  
Media Bureau, FCC  
445 12 th St. S.W.  
Washington DC 20554